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AARP
Connecticut State Office
21 Oak Street, Suite 104
Hartford, CT 06106
Contact: John Erlingheuser, AARP CT
Phone: 860-548-3165; Email: jerlingheuser@aarp.org

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Amy Tibor
Planning Associate, Health Insurance Exchange
State of Connecticut
Office of Policy and Management
450 Capitol Avenue, MS# 52HIE
Hartford, CT 06106-1379

Re: Comments to Mercer Report Regarding the Basic Health Program Option

AARP appreciates the opportunity to comment on Mercer's report on the implementation of a state health insurance Exchange for Connecticut, "Health Insurance Exchange Planning Report." The report provides guidance related to the planning, research and data analytics that will inform the policy direction and implementation strategy for Connecticut's Exchange as outlined in the Patient Protection and Affordable Care Act (ACA). Mercer's report focuses on 11 task areas specified by Connecticut's RFP (OPM PDPD_InsuranceExchangePlanning_020111).

The Exchange functions are critical in determining eligibility for individuals or employers seeking to purchase qualified health plans through the Exchange, and in particular for establishing a market place where consumers can shop competitively for affordable, quality health insurance. AARP's comments on the establishment of Connecticut's health insurance Exchange are guided by the following principles.

AARP's Key Principles:

Demonstrate transformative leadership. If properly implemented, Connecticut's Exchange can be a critical component of the ACA's comprehensive approach to enhancing the value of our health care dollar in public programs and the private sector through the transformation of health care delivery. These exchanges offer the unique opportunity to fundamentally alter and improve health care delivery, quality and efficiency. Connecticut's Exchange should take the lead in demonstrating that appropriate standards and effective oversight can appreciably improve the quality of care people receive while helping to control the costs of insurance and medical care

Focus on value: Connecticut should foster the establishment of an Exchange that is a strong, active purchasing organization, focused on making high quality, affordable coverage options available for

individuals, families and small businesses. Exchanges should select a manageable number of plans that offer consumers and employers meaningful choice and value.
To ensure that consumers can make genuine, informed choices among competing plans within the Exchange, consumers need adequate information about coverage options. Concise, comparative information on the benefits, costs and quality of the options offered is essential. Materials should be designed for the "average" user, but additional supports will be needed to assist those whose health literacy and decision making skills are not proficient.

Assure seamless eligibility and enrollment: Connecticut's health insurance Exchange must also facilitate a seamless eligibility system with State Medicaid programs under the rules set out for Medicaid. The Exchange must connect with other State and national entities to provide a "one stop" shop and a seamless process for determining eligibility and effectuating enrollment for federal subsidies, Medicaid or Husky and other public health programs. The key is to provide a "single point of entry" for consumers. Implementation of complex data-matching and administrative arrangements should be invisible to the consumer.

Ensure consumer engagement: Development of the policies and procedures that will guide the Exchange should be an inclusive process. It is essential for consumers have meaningful input into the design structure and policy making decisions of the Exchange board. Exchange governance should be responsive to consumer feedback and suggestions.

AARP's Comments on Specific Areas of the Mercer Report:

Leveraging the Exchange Pool:
Mercer notes that nearly half (47%) of the current individual and small group plans are below minimal ACA (Bronze level) standards (page 12). They note that there are 168,000 uninsured with incomes between 201 and 400% of federal poverty level who will be entitled to premium subsidies and reduced cost sharing under the ACA §1401 and 1402 (page 62). However, the state population of those with incomes in this range totals 1,116,000. (*See*, Kaiser State Health Facts). Those who now have sub-standard coverage may seek better coverage, subsidies and lower out-of-pocket costs through the Exchange, which AARP supports as a way to strengthen residents' health care coverage. This should be evaluated to determine how this could impact the Exchange's ability to leverage the size of its pool to foster robust completion and to obtain the best combination of value, cost and quality in the plans it chooses to include in the Exchange.

Basic Health Care Plan:
We're pleased that the Mercer report indicates that a Basic Health Care Plan (BHP) may be a financially viable option for the State. AARP supports innovative ways, such as BHPs, to provide access to affordable, quality care. While we support the establishment of basic health programs, other factors should be considered to ensure that the best interests of the population using this option are protected. Further study should also be done to determine what the BHP's impact would be on the Exchange:

- Mercer projects that 51,000 would be enrolled in a Medicaid BHP and that the total Medicaid population will increase by 43% from the current 352,000 to 503,000 in 2014. While the ACA requires that Medicaid primary care rates be increased to Medicare levels,

other significant changes in reimbursement may be necessary to engage providers sufficiently to care for this expanded population. The BHP option should not be used absent a viable plan to expand the Medicaid provider pool and ensure ready access to high quality care coupled with details on the State's capacity and plan for oversight, monitoring and provider recruitment and retention.

- The report notes that size of the Exchange pool will be significantly smaller if the potential BHP and the SHOP expansion (for employers with 51-100 employees) populations are excluded. Mercer fails, however, to quantify the impact that inclusion or exclusion of these 56,000 individuals will have on the Exchange's ability to obtain favorable terms and on the level of competition among insurers seeking to offer plans on the Exchange. Generally, consumers will be best served by creation of an Exchange pool large enough to allow use of the same active purchasing techniques used by very large employers to obtain the best terms on cost, value and quality.
- A large portion of lower income households, particularly in today's economy, will experience frequent changes in income that will impact their eligibility for Medicaid, BHP or subsidies through the Exchange. AARP urges the development of systems to ensure that at least some insurers participate in all arenas and offer products that ensure that those moving among the programs do not experience gaps in coverage, alterations in the individual's health care providers, or any ongoing plan of care or treatment. Such a system may have cost implications for the state and its citizens.

Essential Health Benefits:
The section on Essential Health Benefits (EHB) has been superseded by the Department of Health and Human Services' Bulletin of December 16, 2011. Under this guidance, Connecticut can establish an EHB package that includes all existing state insurance coverage mandates at no cost to the state.

Navigators:
On pages 236-238, Mercer suggests that there would be only one Navigator entity. However, the proposed federal regulations would require at least two different Navigator entities. AARP supports a requirement that at least one Navigator entity be a community and consumer-focused non-profit organization.

For consumers with existing relationships with community-based organizations, a high level of trust in the relationship may already exist. Among members of communities that may be less familiar with health insurance, trust in relationships with existing community-based organizations may be central to effective outreach. Given the Exchange's target audiences, we believe that a range of types of entities will be needed to effectively reach the various audiences including those with experience with underserved, difficult to reach and low-income populations, the uninsured, and those for whom cultural and language barriers exist.